REMARKS/ARGUMENTS

By this paper, Applicant replies to the Office Action of October 23, 2006 and the Notices of November 5, 2007 and January 4, 2008. Applicant respectfully requests reconsideration of the application.

I. Status of Application

The originally pending claims are reinstated and amended, pursuant to the procedure advised by the Patent Office at www.uspto.gov/web/offices/pac/dapp/revised121qnas.htm, answer to question A8.

Claims 138-265 are now pending. Claims 138, 139, 145, 168, 174, 178, 186, 190, 195, 210, 213, 219, 222, 230 and 255 are independent. Thus, a total of 128 claims are pending, 15 of which are independent.

II. Restriction

Applicant submits that the papers of September 7, 2007 and November 5, 2007 were procedurally too incomplete to raise any restriction requirement. No restriction would be proper among the claims now pending.

First, the November 5, 2007 paper is procedurally too incomplete to raise any restriction requirement. MPEP § 803 states that restriction is only authorized where the Office action makes two showings (emphasis added):

> There are two criteria for a proper requirement for restriction between patentably distinct inventions:
>
> (1) The inventions must be independent (see MPEP §802.01, §806.04, §808.01) or distinct as claimed (see MPEP §806.05 - § 806.05(i)) and
>
> (2) There must be a serious burden on the examiner if restriction is not required (see MPEP §803.02, §806.04(a)-(j), §808.01(a) and §808.02).

MPEP § 803 clarifies (emphasis added):

> If the search and examination of an entire application can be made without serious burden, the examiner must examine it on the merits, even though it includes claims to distinct or independent inventions.

Both the September 2007 and the November 2007 papers were **dead silent** on the issue of search burden, let alone making any showing of "serious" burden. Because of this omission, no restriction requirement is stated. This issue was squarely raised in Applicant's paper of October 8, 2007; the failure to "Answer All Material Traversed" violates MPEP § 707.07(f).

Second, the November 2007 paper purports to restrict between claims that are not pending and claims that are pending. There is no such thing. 35 U.S.C. § 121 <u>only</u> authorizes restriction in cases where "two or more independent and distinct inventions <u>are claimed</u> in one application." As the United States District Court for the Eastern District of Virginia recently reminded the Office, neither the MPEP nor 37 C.F.R. can impose obligations on applicants beyond those authorized by statute. *Tafas v. Dudas*, 511 F.Supp.2d 652, 664 (E.D. Va. 2007). Both the MPEP and 37 C.F.R. must be interpreted to authorize restriction within the bounds set by § 121, and no more.[1]

Third, the November 2007 Office Action relies on the contrast between the term "repurchase agreements" of old claim 1 against "obligation of the selling party to both sell and repurchase securities" of the new claims to argue that the claims are "different inventions." As discussed in the telephone interview on or about October 3, 2007, these are different words for the same thing.[2] The redrafting of the claims from one nomenclature to the other was intended

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[1] If no such interpretation is possible, then Rule 145 and the MPEP are invalid and of no effect whatsoever. *Patlex Corp. v. Mossinghoff*, 71 F.2d 480, 487, 226 USPQ 985, 989-90 (Fed. Cir. 1985) invalidated the PTO's interpretation of former 37 C.F.R. § 1.530(a), and the MPEP sections stating this interpretation, as follows:

> ... We find no support for [the MPEP's interpretation of Rule 530] in the statute or its legislative history.
>
> We have discerned no other interpretation for [the two relevant MPEP sections] than that which contradicts the clear intent of Congress. When Congress enacted 35 U.S.C. § 303 for the purpose of protecting the patentee, it could not have intended an implementation that would negate this protection. We can not endorse such a diversion of the statutory purpose.
>
> [The courts] must reject administrative constructions of the statute, whether reached by adjudication or by rulemaking, that are inconsistent with the statutory mandate or that frustrate the policy that Congress sought to implement.

[2] Wikipedia gives the following definition: "**Repurchase agreements** (**RPs** or **repos**) are financial instruments used in the money markets and capital markets. ... [T]he cash receiver (seller) sells securities *now*, in return for cash, to the cash provider (buyer), and agrees to repurchase those securities from the buyer for a greater sum of cash at some later date..." Barrons' Dictionary of Finance and

only to remove a source of disagreement that had arisen in earlier prosecution: the former examiner had a confused understanding of the established term of art "repurchase agreement." In order to assist the former examiner and resolve any disagreement, Applicant redrafted the claims to eliminate the term of art "repurchase agreement" and instead to recite explicitly the contractual obligations that are inherent in the term "repurchase agreement." No "shift" of invention was accomplished, only a shift in vocabulary.

The November 2007 Action does not discuss any difference in inventions; it only describes how the old and new claims are directed to the same invention (in a restriction sense).

The claims are now further redrafted, to use the term of art "repurchase agreement" and recite the inherent definition for the term. This both makes clear the relationship between the old claims and the new, and removes any disagreement over the art-recognized definition on which Applicant intends to rely. The November 2007 Action does not express any disagreement with the definition that was discussed during the October telephone interview, and thus Applicant assumes that the dictionary definition of the term "repurchase agreement" is agreed. In view of that agreement among dictionary, Applicant and Examiner, the restriction stated in the November 2007 paper is simply puzzling, and no reply is possible. No restriction is warranted.

The request pursuant to MPEP § 710.06 filed October 8, 2007, is reiterated.

The original claims are now reinstated, pursuant to the Office's own instructions, so no issue of "restriction by original presentation" can now exist.

III. Each Claim Recites a Limitation Absent From All Three References Raised

Each claim now pending recites an electronic trading system that treats two separate obligations or two separate transactions as a related pair, in particular ways recited in each claim. For example:

> 145. A method, comprising the steps of:
>
> … the repurchase agreement offer proposing to obligate a seller to sell securities to a prospective buyer and to obligate the seller to repurchase securities

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Investment Terms gives the following definition, "**REPURCHASE AGREEMENT (REPO; RP)** agreement between seller and a buyer… where by the seller agrees to repurchase the securities at an agreed upon price and , usually, at a stated time."

> at a specified future date at a specified future price, the specified future price being the price of the sale plus imputed interest, …
>
> 230. A method, comprising the steps of:
>
> by automated trading system, making available to prospective parties offers of pairs of transactions, the transactions of a pair related by the automated trading system to require simultaneous and inseparable negotiation and/or acceptance by a one of the prospective parties and a party offering a pair, the offered pairs of transactions each including:
>
> (a) an obligation of a selling one of the parties to sell ..
>
> (b) an obligation of the selling party to repurchase securities …, the future price being the price of the sale plus imputed interest; and
>
> … the automated trading system requiring that the two transactions of a pair be contracted for between the buying and selling party simultaneously and inseparably.

As the October 2006 Action itself concedes (Action of 10/23/2006, page 3, line 17), the cited portions of Silverman '082 only discuss a trading system that can handle **single**-transaction or **single**-obligation transactions. The Brown and Best articles at best suggest that problems were known to exist that needed a solution, but neither suggests any automated trading system that might solve the problem, let alone the electronic solutions that treat two separate obligations or two separate transactions as a related pair, as recited in the claims.

The reasoning in the October 2006 Action, page 3, appears to be that Silverman's disclosure of the genus "highly specified instruments" renders obvious <u>all</u> trading systems for <u>all</u> species of instruments. This is not the law. To raise an obviousness rejection, an Action must show "motivation to modify or combine" to reach the <u>particular</u> combination claimed, and "reasonable expectation of success" that the <u>particular</u> prior art teachings relied on will achieve the <u>particular</u> invention claimed. *In re Lee*, 277 F.3d 1338, 1343, 61 USPQ2d 1430, 1433-34 (Fed. Cir. 2002) ("The need for specificity pervades [Federal Circuit] authority."); *In re Kotzab*, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000) ("particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected <u>these</u> components for combination <u>in the manner claimed</u>"); MPEP § 2143.01 ("The prior art must suggest the desirability of the <u>claimed</u> invention," not merely some unspecified invention in a related field.)

IV. Dependent claims

The dependent claims are patentable with the independent claims discussed above. In addition, the dependent claims recite additional features that further distinguish the art.

V. Calls for Substantial Evidence

The October 2006 Action and 2007 papers assert a number of "facts" that are unsupported by any substantial evidence. These "facts" include at least the following:

- "Utilizing the system and method of Silverman, a user seeking to trade a repurchase agreement can therefore enter preliminary terms to the agreement in order to be matched with a counterparty with a similar interest. These counterparties can then be placed into communication where concrete details of the financial transaction can be hashed out" (Action of 10/23/2006 at page 3).
- "It was old and well known though for there to be post agreement actions that the counterparties are required in order to fulfill the deal. Therefore it would have been obvious to anyone of ordinary skill at the time of the invention to include this step … because there are inherently steps performed after the closing of the agreement that represent a risk" (Action of 10/23/2006 at page 8).
- "… wherein the record further comprises a right of substitution, margin, and collateral type." (Action of 10/23/2006 at page 10).
- Any notion that "a repurchase agreement" is different than "an obligation of the selling party to both sell and repurchase securities" (Office paper of 11/16/2007 at page 3).

If any of these (or any similar) assertions are raised in any future paper, Applicant calls for substantial evidence in support.

In particular, Applicant calls for substantial evidence showing that Silverman's system ***as disclosed*** could ***even theoretically*** be used to negotiate ***two*** linked transactions or obligations, as recited in the now-pending claims, when the Office Action itself concedes that Silverman '082 at most teaches trading **one** transaction at a time. (Action of 10/23/2006, page 3, line 17).

The former examiner recognized in 2006 that the need for the invention is not a substitute for a showing that an element was known in the art before the filing date, and that there was motivation to combine the elements, and that there was reasonable expectation of success, and that the art taught a practical solution to the need. MPEP § 2143-2143.03 requires that each element of *prima facie* obviousness be addressed separately. The leaps to conclusion in the Office Action sidestep the 3-step *prima facie* analysis of MPEP § 2143-2143.03. This is not

permitted. Examiners cannot leap multiple tall buildings in a single bound. To ensure that there is no reliance on hindsight, Applicant calls for substantial evidence showing that every element is known in the art.

In the telephone interview of October 3, 2007, the Examiner and SPE were informed of the dictionary definition of the term "repurchase agreement." It appears that the Examiner did not look up the term "repurchase agreement" before preparing any further paper. If the Examiner believes that "repurchase agreement" has some other meaning recognized in the art, Applicant invites the Examiner to come forward with substantial evidence of that definition.

VI. Withdrawal of Previous Remarks

Applicant apologizes for previous arguments that are not based on the claims, and withdraws all such remarks. Applicant promises that all future papers will be focused on particular claim language, or considerations that relate to precise legal principles.

In return, Applicant requests that all papers from the Examiner be similarly focused on the precise language of the claims, the precise teaching of the references, and precise legal principles, including the required elements of *prima facie* grounds of rejection (*e.g.*, MPEP § 2143-2143.03 for obviousness). Applicant requests that all future Office papers designate portions of references thought to correspond to each element of the claims "as nearly as practicable," and either make showings that the elements of the references are arranged as recited in the claims or establish all *prima facie* elements of obviousness, and show that the references provide either an enabling disclosure or "reasonable expectation of success" (MPEP § 2143.02).

The claims as now pending are broader in some respects than previous claims. Applicant intends that the claims as now pending be interpreted under the ordinary interpretation understood in the art, without regard to any previous statements by Applicant's counsel. Applicant hereby rescinds, and no longer intends that the claims be limited by, any assertion, statement, argument, amendment or other action in this patent application, or in any application whose file history is available for use in interpreting any patent issuing on this application. No such assertion, statement, argument, amendment or other action in this application or in any such available application should be taken as a surrender of or disclaimer from, and may not be used

to interpret, any claim of this patent, or any claim of any patent to which such applications' file histories may be pertinent.

Among the remarks withdrawn are the following:

- All characterizations of "the invention" that are not literally stated in the claims, including those in the specification, are withdrawn.
- All quotations from and references to the specification, to the extent that they suggest that the scope of the invention is defined by the specification rather than the claims, are withdrawn (e.g., paper of 7/27/2005 at pages 8-9, paper of 12/5/2005 at pages 10-11).
- All arguments not based on limitations stated in the claims, and all statements that any feature of the specification is "necessary" or "must" be present when not stated in the claims (*e.g.*, paper of 7/27/2005 at pages 9-10; paper of 12/5/2005 at page 10), are withdrawn.
- All arguments that imply that all offers must communicate all material terms "as part of the original advertisement" (*e.g.*, paper of 12/5/2005 at page 10), and similar statements not directly stated in the claims, are withdrawn.
- Any implication that multiple claims stand or fall together, or that dissimilar claim language may be considered equivalent (*e.g.*, paper of 7/24/2006 at page 10), is withdrawn.

Applicant hereby requests that the Examiner re-visit any previous surrender, disclaimer or characterization of claims, and re-visit any prior art that may have been avoided or intended to be avoided by such surrender, disclaimer or characterization. Pursuant to this request, and to guide this re-visit, Applicant submits a Form 1449 with all references applied in this application and all parent applications. Applicant requests that the 1449 be initialed to confirm that the references have been re-visited. In addition, a new search is requested.

VII. Conclusion

This reply is timely. In the event that further extension of time is required, Applicant petitions for that extension of time required to make this reply timely.

In view of the amendments and remarks, Applicant respectfully submits that the claims are in condition for allowance. Applicant requests that the application be passed to issue in due course. The Examiner is urged to telephone Applicant's undersigned counsel at the number noted below if it will advance the prosecution of this application, or with any suggestion to

resolve any condition that would impede allowance. Kindly charge any additional fee, or credit any surplus, to Deposit Account No. 50-3938, Order No. 00-8201.

Respectfully submitted,

HELIX FINANCIAL SYSTEMS, L.P. INC.

Dated: March 3, 2008

By: / David E. Boundy /

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This page was created 8 August 2003; updated 21 August 2003; and updated 27 January 2005 as a result of questions asked during examiner training at the USPTO; A11 was updated 9 February 2005.

A. Amendments to Claims

A1. What are the permissible status identifiers?

The seven permissible status identifiers set forth in 37 CFR 1.121(c) are: (Original), (Currently amended), (Canceled), (Previously presented), (New), (Not entered), and (Withdrawn). (Withdrawn-currently amended) is also acceptable.

A2. If the examiner made a restriction requirement and applicant elected with traverse and filed an amendment to the claims, what status identifiers should be used for the non-elected claims that are being amended, the non-elected claims that are not amended, and new claims that are drawn to the non-elected invention?

The non-elected claims that are amended must have the status identifier (withdrawn) or (withdrawn-currently amended). The non-elected claims that are not amended must have the status identifier (withdrawn). Any new claims that are drawn to a non-elected invention must have the status identifier (new).

A3. When an application with several previously filed amendments and an after-final amendment that has been entered is being allowed, which set of claims would be used in printing the patent?

The claims in the claim listing of the latest amendment (e.g., the after-final amendment) will be used in printing the patent because the claims in the claim listing of the current amendment will replace all prior claim listings and versions of claims in the application. When allowing the application, the examiner should review all of the claims being allowed, including the claims that are not currently amended, to make sure that they comply with all Office requirements and will not produce quality issues or printer queries.

A4. Can the status identifier be presented before the claim number?

No, the status identifier must be presented after the claim number. See 37 CFR 1.121(c).

A5. When is a claim listing required?

Any amendment document that includes a change to an existing claim, cancellation of an existing claim or addition of a new claim, must include a complete listing of all claims ever presented.

A6. Can applicant use "allowed" as the status identifier for claims that are previously indicated allowable by the examiner?

No, applicant must use one of the permissible status identifiers. See question A1. If the claims that are indicated as allowable are not being amended in the current amendment, applicant may use either (original) or (previously presented), whichever is appropriate.

A7. If the amendment would be compliant other than one incorrect status identifier and the examiner clearly knows the status of the claim, should the amendment be treated as a non-compliant amendment?

Yes, a notice of noncompliant amendment (37 CFR 1.121) should be mailed to applicant to require correction. If the amendment otherwise places the application in condition for allowance, however, the examiner should correct the status identifier using an examiner's amendment.

A8. How can an applicant reinstate a canceled claim?

Applicant can reinstate a canceled claim by presenting the text of the canceled claim with any desired changes in a new claim with a new claim number and use the status identifier, (new).

A9. When would applicant use the status identifier, (not entered)?

When applicant submitted a new claim (e.g., Claim 10 (new)) in an after-final amendment that was denied entry, applicant should use the status identifier (not entered) for the new claim (e.g., Claim 10 (not-entered)) in any subsequent amendment.

A10. May I submit a complete claim listing in a reply when I am not making any changes to the claims, such as responding to a restriction requirement or merely arguing a rejection?(posted August 14, 2003, old B1)

Yes. Although a complete claim listing is only required whenever changes are made to any claims, one may be submitted in a reply to an Office action where no changes are being made. It is beneficial to the examiner (and all viewers of the electronic file) to have the most up-to-date set of claims in the most recent paper submitted by the applicant. Note that the claim listing in this situation would not include any claims with markings or any claims with the status identifiers of (new) or (currently amended).

A11. How should I amend a formula in a claim? (updated February 9, 2005; posted August 21, 2003, old B2)

Applicants may use one of the following methods, for example, change "H4" to "H2" in a chemical formula:

(1) Strikethrough and underlining the whole formula.

Claim 1 (currently amended) A curing agent for epoxy resins comprising pyromellitic dianhydride, ~~C6H4 (C2O3)2~~ C6H2 (C2O3)2.

(2) Doublebrackets and underlining the whole formula.

Claim 1 (currently amended) A curing agent for epoxy resins comprising pyromellitic dianhydride, [[C6H4(C2O3)2]]C6H2 (C2O3)2.

(3) Delete the claim and replace it with a new claim.

Claim 1 (canceled).
Claim 2 (new) A curing agent for epoxy resins comprising pyromellitic dianhydride, C6H2 (C2O3)2.

Do not use strikethrough or doublebrackets to delete only subscript "4" and use underlining to add only subscript "2" in the formula.

A12. In the past, I have included claim status that indicates how many times a claim has been amended, i.e., "Claim 1 (Twice Amended)." Is it proper to indicate that a claim has been "previously amended twice" or "currently amended for the third time?" (posted August 21, 2003, old B3)

> No, under the revised amendment practice, it would NOT be appropriate to indicate how many times a claim has been amended. Only the following seven status identifiers are permitted: "original", "currently amended", "canceled", "new", "withdrawn", "previously presented", and "not entered".

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B. Amendments to Specification (not including claims)

B1. What are the requirements for filing a substitute specification?

Dictionary of Finance and Investment Terms

Fifth Edition

John Downes
Editor, *Beating the Dow*
Former Vice President, AVCO Financial Services, Inc.
Office for Economic Development, City of New York

Jordan Elliot Goodman
Financial Analyst, *NBC News at Sunrise*
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earn a profit on their property, thereby discouraging them from investing any further to maintain or upgrade the property. In some cases, landlords argue that rent control encourages owners to abandon their property altogether since it will never be profitable to retain it.

REORGANIZATION financial restructuring of a firm in BANKRUPTCY. *See also* TRUSTEE IN BANKRUPTCY; VOTING TRUST CERTIFICATE.

REORGANIZATION BOND debt security issued by a company in REORGANIZATION proceedings. The bonds are generally issued to the company's creditors on a basis whereby interest is paid only if and when it is earned. *See also* ADJUSTMENT BOND; INCOME BOND.

REPATRIATION return of the financial assets of an organization or individual from a foreign country to the home country.

REPLACEMENT COST cost to replace an asset with another of similar utility at today's prices. Also called *current cost* and *replacement value. See also* BOOK VALUE, REPLACEMENT COST INSURANCE.

REPLACEMENT COST ACCOUNTING accounting method allowing additional DEPRECIATION on part of the difference between the original cost and current replacement cost of a depreciable asset.

REPLACEMENT COST INSURANCE property and casualty insurance that replaces damaged property. Replacement cost contents insurance pays the dollar amount needed to replace damaged personal property with items of like kind and quality, without deducting for depreciation. Replacement cost dwelling insurance pays the policyholder the cost of replacing the damaged property without deduction for depreciation, but limited by the maximum dollar amount indicated on the declarations page of the policy. *See also* REPLACEMENT COST.

REPURCHASE AGREEMENT (REPO; RP) agreement between a seller and a buyer, usually of U.S. government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and, usually, at a stated time. Repos, also called RPs or buybacks, are widely used both as a money market investment vehicle and as an instrument of Federal Reserve MONETARY POLICY. Where a repurchase agreement is used as a short-term investment, a government securities dealer, usually a bank, borrows from an investor, typically a corporation with excess cash, to finance its inventory, using the securities as collateral. Such RPs may have a fixed maturity date or be OPEN REPOS, callable at any time. Rates are negotiated directly by the parties involved, but are generally lower than rates on collateralized loans made by New York banks. The attraction of repos to corporations, which also have the alternatives of COMMERCIAL PAPER, CERTIFICATES OF DEPOSIT, TREASURY BILLS and other short-term instruments, is the flexibility of maturities that makes them an ideal place to "park" funds on a very temporary basis. Dealers also arrange *reverse repurchase agreements,* whereby they agree to buy the securities and the investor agrees to repurchase them at a later date.

The FEDERAL RESERVE BANK also makes extensive use of repurchase agreements in its OPEN MARKET OPERATIONS as a method of fine tuning the MONEY SUPPLY. To temporarily expand the supply, the Fed arranges to buy securities from nonbank dealers who in turn deposit the proceeds in their commercial bank accounts thereby adding to reserves. Timed to coincide with whatever length of time the Fed needs to make the desired adjustment, usually 1 to 15 days, the dealer repurchases the securities. Such transactions are made at the Federal Reserve DISCOUNT RATE and accounts are credited in FEDERAL FUNDS. When it wishes to reduce the money supply temporarily, the Fed reverses the process. Using a procedure called the MATCHED SALE PURCHASE TRANSACTION, it sells securities to a nonbank dealer who either draws down bank balances directly or takes out a bank loan to make payment, thereby draining reserves.

In a third variation of the Repurchase agreement, banks and thrift institutions can raise temporary capital funds with a device called the *retail repurchase agreement.* Using pooled government securities to secure loans from individuals, they agree to repurchase the securities at a specified time at a price including interest. Despite its appearance of being a deposit secured by government securities, the investor has neither a special claim on the securities nor protection by the FEDERAL DEPOSIT INSURANCE CORPORATION in the event the bank is forced to liquidate.

See also OVERNIGHT REPO.

REQUIRED RATE OF RETURN return required by investors before they will commit money to an investment at a given level of risk. Unless the expected return exceeds the required return, an investment is unacceptable. *See also* HURDLE RATE; INTERNAL RATE OF RETURN; MEAN RETURN.

REQUIRED RESERVE RATE factor used to determine the amount of reserves a bank must maintain on its deposits.

RESCHEDULED LOANS bank loans that, as an alternative to DEFAULT, were restructured, usually by lengthening the maturity to make it easier for the borrower to meet repayment terms.

RESCIND cancel a contract agreement. The Truth in Lending Act confers the RIGHT OF RESCISSION, which allows the signer of a contract to nullify it within three business days without penalty and have any deposits refunded. Contracts may also be rescinded in cases of fraud, failure to comply with legal procedures, or misrepresentation. For example, a contract signed by a child under legal age may be rescinded, since children do not have the right to take on contractual obligations.

RECISSION *see* RIGHT OF RECISSION.